

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	CASE NO. 92-326-G
ADJUSTMENT FILING OF EQUITABLE)	AND
GAS COMPANY)	CASE NO. 92-326-H

O R D E R

On April 12, 1993, in Case No. 92-326, the Commission approved certain adjusted rates for Equitable Gas Company, a division of Equitable Resources, Inc. ("Equitable"), and provided for their further adjustment on a quarterly basis in accordance with its gas cost adjustment ("GCA") clause.

On October 3, 1994, in Case No. 92-326-G, Equitable filed its GCA to be effective November 1, 1994 through January 31, 1995. On October 31, 1994, the Commission issued an Order suspending Equitable's proposed rates and requesting additional information concerning its actual adjustment ("AA"), which has not been provided.

On January 3, 1995, in Case No. 92-326-H, Equitable filed its GCA to be effective February 1, 1995 through April 30, 1995.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Equitable's notice of January 3, 1995 proposed revised rates designed to pass on expected decreased wholesale gas costs to its customers. Equitable's proposed expected gas cost ("EGC") is \$4.2686 per Mcf, which includes a surcharge component of 80.54

cents per Mcf relating to the settlement of Kentucky West Virginia Gas Company Docket No. TQ 89-1-46-000, et al. before the Federal Energy Regulatory Commission.

2. Equitable's notice of October 3, 1994 set out a current quarter AA of 1.18 cents per Mcf to recoup unrecovered gas cost from May, June, and July 1994. Equitable included as part of its AA calculation a separation of EGC revenues for May to show pricing of sales for that month at EGC rates effective prior to May 1, 1994 and after May 1, 1994. Equitable also included in its AA an "under-recovery not included in rates in Case No. 92-326-F" of \$41,707. This amount was excluded by the Commission in that case by repricing all February sales at the EGC in effect for that month. The Commission's data request questioned Equitable's revisions to its AA, but Equitable has not, as of this date, supported its revisions. In the absence of any support for Equitable's repricing of volumes for the first months of these quarters, Equitable's Total Current Quarter Actual Cost to be included in rates should be adjusted to exclude the \$41,707 under-recovery and to price all May volumes at the approved EGC rate for May. This produces an over-recovery of \$39,252.

In its filing of January 3, 1995, Equitable similarly separated August sales to show pricing at EGC rates before and after August 1, 1994. EGC revenue should be recalculated to price all volumes at \$4.3278, the approved EGC for the quarter. (Equitable had priced September and October sales at \$4.3385 per Mcf.) Adding the resulting \$79,397 over-recovery to the \$39,252

over-recovery established in the preceding paragraph produces a current quarter AA of (23.14) cents per Mcf.

Equitable's corrected total AA of .27 cent per Mcf reflects the current over-recovery as well as over- and under-recoveries from previous quarters.

3. Equitable's notice set out a current quarter balancing adjustment ("BA") of .04 cent per Mcf to reconcile variances from previous actual, refund, and balance adjustments. Equitable failed to include the second previous quarter BA of .01 cent per Mcf in the calculation of the total BA. Equitable's corrected total BA is (.21) cent per Mcf.

4. These adjustments produce a gas cost recovery ("GCR") rate of \$4.2692 per Mcf, 44.64 cents per Mcf less than its prior GCR rate.

5. The revised rate adjustment in the Appendix to this Order is fair, just, and reasonable, in the public interest, and should be effective for final meter readings on and after February 1, 1995.

IT IS THEREFORE ORDERED that:

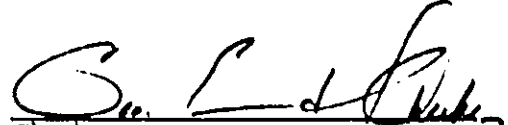
1. The rates proposed by Equitable be and they hereby are denied.

2. The rates in the Appendix to this Order are fair, just, and reasonable and are effective for final meter readings on and after February 1, 1995.

3. Within 30 days of the date of this Order, Equitable shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 1st day of February, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NOS. 92-326-G and 92-326-H DATED 02/01/95

The following rates and charges are prescribed for the customers in the area served by Equitable Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

RATES: Monthly

Customer Charge				\$4.45
		<u>Base Rate</u>	<u>Gas Cost Recovery Rate</u>	<u>Total Rate</u>
First	2 Mcf	\$1.0399	\$4.2692	\$5.3091 per Mcf
Next	18 Mcf	.8178	4.2692	5.0870 per Mcf
Next	30 Mcf	.7179	4.2692	4.9871 per Mcf
Next	50 Mcf	.6290	4.2692	4.8982 per Mcf
All Over	100 Mcf	.5513	4.2692	4.8205 per Mcf

The minimum bill shall be \$4.45.

The above rates include recovery of a Kentucky West Virginia Gas Company surcharge of 61.4 cents per Dth pursuant to the settlement of Docket No. TQ 89-1-46, et. al. before the Federal Energy Regulatory Commission.